

Message Text

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63

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 XMB-04

IO-11 /122 W

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R 151727Z JAN 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5667

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

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AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

CINC USAFE RAMSTEIN

CINC USAREUR HEIDELBERG

CINC EUR VAIHINGEN

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DEPARTMENT PASS TREASURY, FRB AND CEA

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: GNP DECLINED 3.6 PERCENT IN 1975; FOURTH
QUARTER SHOWED STRONG GROWTH

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REF: BONN 19460

1. THE FEDERAL STATISTICAL OFFICE PROVISIONAL GNP DATA FOR 1975 REFLECTS A 3.6 PERCENT DECLINE IN CONSTANT PRICES, AND A 4.4 PERCENT NOMINAL GAIN. THE SECOND HALF 1975 SHOWED A 2.2 PERCENT REAL DROP FROM THE SAME HALF THE PREVIOUS YEAR. THESE RATES MORE OR LESS CONFORM THE PERFORMANCE FORESEEN IN THE NOVEMBER 1975 COUNCIL OF ECONOMIC EXPERTS REPORT (SEE REFTEL). DETAILS OF THE 1975 NATIONAL ACCOUNTS ARE STILL LACKING, BUT ARE HEREIN REPORTED TO THE EXTENT PRESENTLY KNOWN.

2. ALTHOUGH THE SEASONALLY-ADJUSTED FOURTH QUARTER DATA OF THE BUNDESBANK AND BERLIN INSTITUTE (DIW) ARE NOT YET PUBLISHED (AND MAY NOT APPEAR FOR ANOTHER MONTH OR TWO), WE HAVE EXTRAPOLATED ON THE BASIS OF THE STATISTICAL OFFICE ANNUAL FIGURES WHAT LOOKS LIKE A VERY STRONG PERFORMANCE AT YEAR'S END. PROVIDED THERE IS NO UPWARD REVISION IN THE BUNDESBANK THIRD QUARTER DATA, THE FOURTH QUARTER APPEARS TO HAVE HAD REAL GROWTH ON THE ORDER OF 3.7 PERCENT OVER THE THIRD, OR A 14.8 PERCENT ANNUAL RATE. (EXTRAPOLATION FROM THE DIW SEASONALLY-ADJUSTED SERIES WOULD IMPLY FOURTH QUARTER REAL GROWTH OF 2.1 PERCENT OVER THE PREVIOUS QUARTER, OR AN 8.4 PERCENT ANNUAL RATE. THE DIFFERENCE LIES, AS PREVIOUSLY REPORTED, IN THE STRONGER THIRD OVER SECOND QUARTER PLUS 1.4 PERCENT SHOWING THAT THE DIW CALCULATED ON THE BASIS OF A SOMEWHAT QUESTIONABLE WORKDAY ADJUSTMENT COMPARED TO THE NON-WORKDAY ADJUSTED CALCULATION OF THE BUNDESBANK -- MINUS 0.0 PERCENT.)

3. HIGHLIGHTS OF THE STATISTICAL OFFICE 1975 NATIONAL ACCOUNTS STATISTICS ARE:

- A. IN CURRENT PRICES GNP TOTALED DM 1,037.8 BILLION AND DM 507.4 BILLION IN 1962 PRICES.
- B. THE SECOND HALF 1975 CONSTANT PRICE GNP WAS 2.2 PERCENT BELOW THAT OF THE SAME HALF 1975, FOLLOWING ON A FIRST HALF 5 PERCENT DROP.
- C. THE PRIVATE CONSUMPTION PRICE RISE WAS 6.1 PERCENT, AND THE OVERALL GNP DEFLATOR WAS 8.3 PERCENT.
- D. EMPLOYMENT DROPPED BY 836,000 TO 25.3 MILLION.

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E. UNEMPLOYMENT AVERAGED 1.07 MILLION.

F. PRODUCTIVITY PER EMPLOYEE DECLINED BY 0.4 PERCENT.

4. TENTATIVE AND PROVISIONAL FEDERAL STATISTICAL OFFICE DATA:

FRG 1975 GNP
PERCENT CHANGE FROM PRECEDING YEAR

REAL NOMINAL

PRIVATE CONSUMPTION	2.2	8.4
GOVERNMENT CONSUMPTION	2.8	11.7
INVESTMENT IN FIXED		
ASSETS	MINUS 5.4	MINUS 2.4
CHANGE IN INVENTORIES		
(BILL. DM)	(MINUS 1.7)	(MINUS 2.8)
NET FOREIGN BALANCE		
(BILL. DM)	12.5	(25.0)
EXPORTS	MINUS 9.1	MINUS 2.4
IMPORTS	0.3	2.9
GNP	MINUS 3.6	4.4

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